

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): **June 17, 2020**

COMMUNICATIONS SYSTEMS, INC.

(Exact name of Registrant as Specified in its Charter)

Minnesota

(State Or Other Jurisdiction Of Incorporation)

001-31588

(Commission File Number)

41-0957999

(I.R.S. Employer Identification No.)

**10900 Red Circle Drive Minnetonka
Minneapolis, MN**

(Address Of Principal Executive Offices)

55343

(Zip Code)

(952) 996-1674

Registrant's Telephone Number, Including Area Code

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value \$0.05	JCS	NASDAQ Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934.

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 7.01 **Regulation FD Disclosure.**

On June 17, 2020, the presentation attached as Exhibit 99.1 hereto will be presented at Communications Systems, Inc.'s annual meeting of shareholders. The full text of the presentation is attached hereto as Exhibit 99.1.

ITEM 9.01 **Financial Statements and Exhibits.**

(d) Exhibits:

[99.1 Annual Meeting of Shareholders Slide Presentation, June 17, 2020.](#)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMMUNICATIONS SYSTEMS, INC.

By: /s/ Roger H.D. Lacey
Roger H.D. Lacey
Chief Executive Officer

Date: June 17, 2020



CSI

Communications Systems, Inc.

(NASDAQ: JCS)



The new CSI..... evolving into an IoT Intelligent Edge Product & Services Company

Meeting Agenda

1. Opening Remarks

2. Open Business Meeting

3. Vote on Matters Presented in Proxy

4. Adjourn Business Meeting

5. Company Update

6. Shareholder Questions

7. Adjourn Meeting

Vote on Matters Presented in Proxy

Proposal No. 1

Election of Directors

Proposal No. 2

Ratifying and approving appointment of Baker Tilly Virchow Krause, LLP as the Company's independent registered public accounting firm for the year ending December 31, 2020

Other Business

Announcements

Meeting Adjourned



CSI

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Management Report



The new CSI..... evolving into an IoT Intelligent Edge Product & Services Company

Forward Looking Statement

This presentation includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding future financial performance, future growth and future acquisitions. These statements are based on Communications Systems' current expectations or beliefs and are subject to uncertainty and changes in circumstances.

Actual results may vary materially from those expressed or implied by the statements here due to changes in economic, business, competitive or regulatory factors, and other risks and uncertainties affecting the operation of Communications Systems' business.

These risks, uncertainties and contingencies are presented in the Company's Annual Report on Form 10-K and, from time to time, in the Company's other filings with the Securities and Exchange Commission.

The information set forth herein should be read in light of such risks. Further, investors should keep in mind that the Company's financial results in any particular period may not be indicative of future results.

Communications Systems is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise.



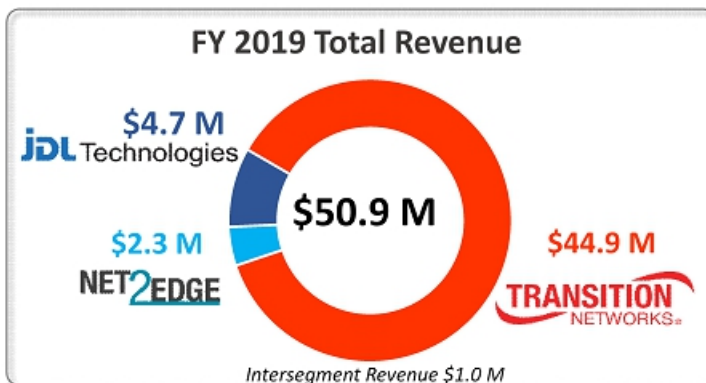
About Communications Systems (CSI)

History

- Founded in 1969 as a regional telecommunications company
- Headquartered in MN
- Nasdaq: JCS ... public company since 1981

50+
COUNTRIES

5000+
CLIENTS



Roger H. D Lacey
CEO & Executive Chairman

“While **2019 was a transformational year** with substantially improved operational and financial performance highlighted by higher revenue, improved margins, lower corporate costs, and a return to profitability...”

... our **strategy for 2020 is to focus on recurring higher-margin revenues** in faster growing markets by further expanding our client and geographic footprint.”

Efforts supported by...

\$24.0 M

Cash & Cash Equivalents

\$38.1 M

Working Capital

\$0

Debt

\$47.4 M

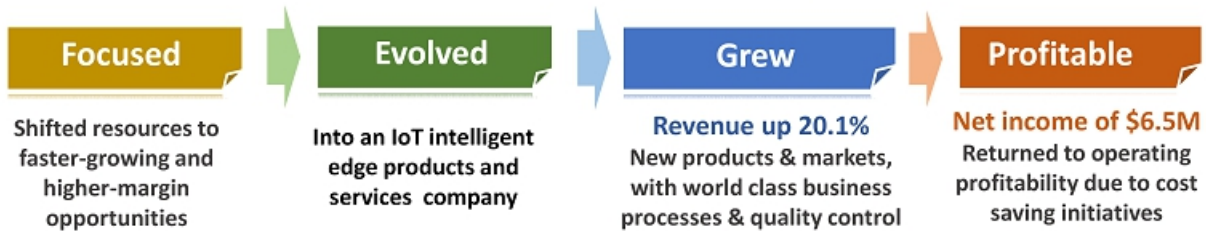
Shareholders' Equity

*Data as of
12/31/2019*



The New CSI – Investment Highlights

2019 was Transformational



2019 Operational Achievements

- Sold Suttle’s business lines: products no longer strategically significant to new business model
- Electronics & SW R&D expanded
- Corporate cost reduced
- Increased impact of IFS ERP system
- Improved SG&A / R&D productivity
- Aggressive reductions of legacy SKU

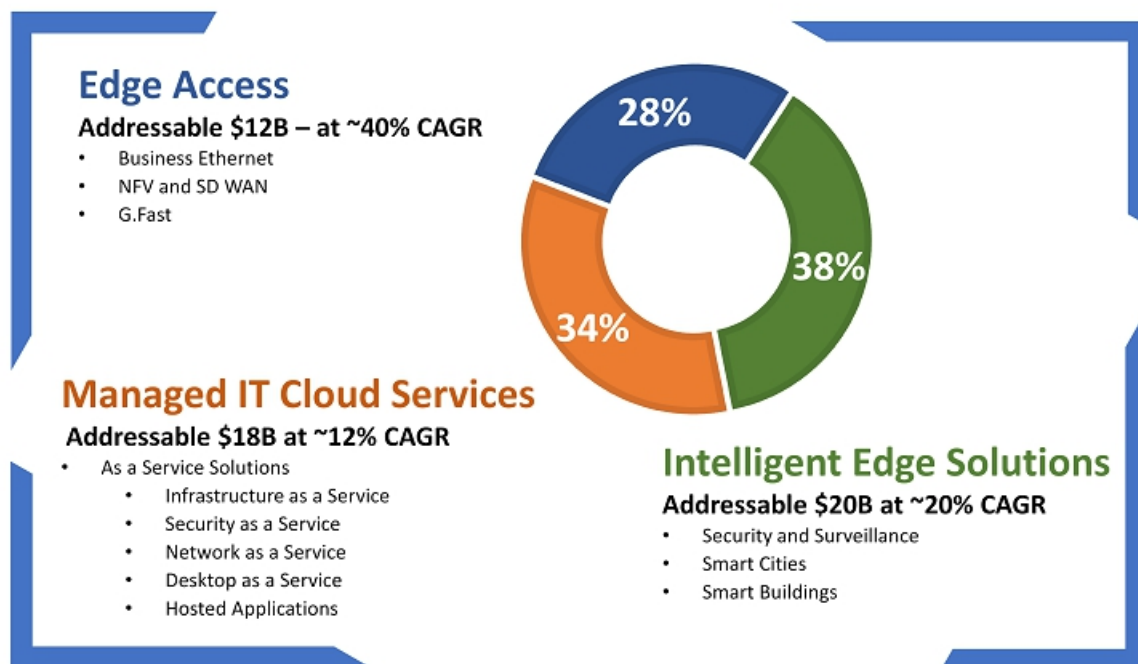
2020 Business Strategy

- Capitalize on innovative Intelligent Edge solutions domestically and internationally
- Develop : “Software as Service” and “Hardware as Service” to add to growing Cloud services success
- New CEO appointment / Board restructuring
- Identify attractive acquisitions and strategic minority interests
- Create an Ecosystem of Partnerships to advance market and product reach



New Focus: Faster Growing Addressable Markets

Addressable markets > \$50B at ~20% CAGR



Edge Access

Addressable \$12B – at ~40% CAGR

- Business Ethernet
- NFV and SD WAN
- G.Fast

Managed IT Cloud Services

Addressable \$18B at ~12% CAGR

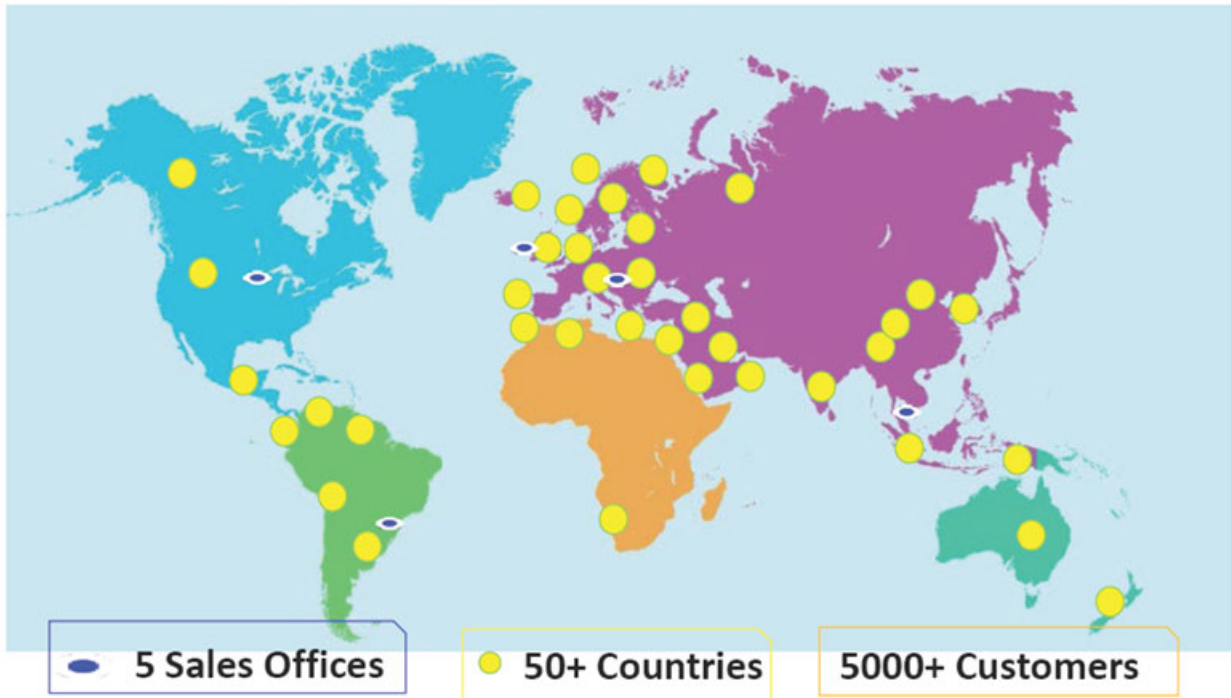
- As a Service Solutions
 - Infrastructure as a Service
 - Security as a Service
 - Network as a Service
 - Desktop as a Service
 - Hosted Applications

Intelligent Edge Solutions

Addressable \$20B at ~20% CAGR

- Security and Surveillance
- Smart Cities
- Smart Buildings

Substantial Global Footprint



World Class Customer Base

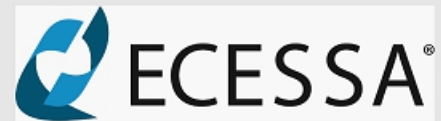
North America



International



Business Units



STRONG FOUNDATION IN NETWORK CONVERTERS

- Brand equity with blue chip customer list
- Market reputation
- Superior customer experience

USER FRIENDLY TECHNOLOGIES & PARTNERSHIPS

- Actionable Intelligence at the Edge
- Partnerships and software APIs to integrate into IoT ecosystem
- Alternate Connectivity Solutions
- Network Management Software to ease deployment
- Elevate brand with global integration partners

ADDRESSABLE MARKETS AND VERTICALS



Intelligent Transportation Systems

- Traffic and pedestrian monitoring
- Connected Vehicles
- Smart Parking



Security and Surveillance

- Financial institutions
- Government agencies
- Universities

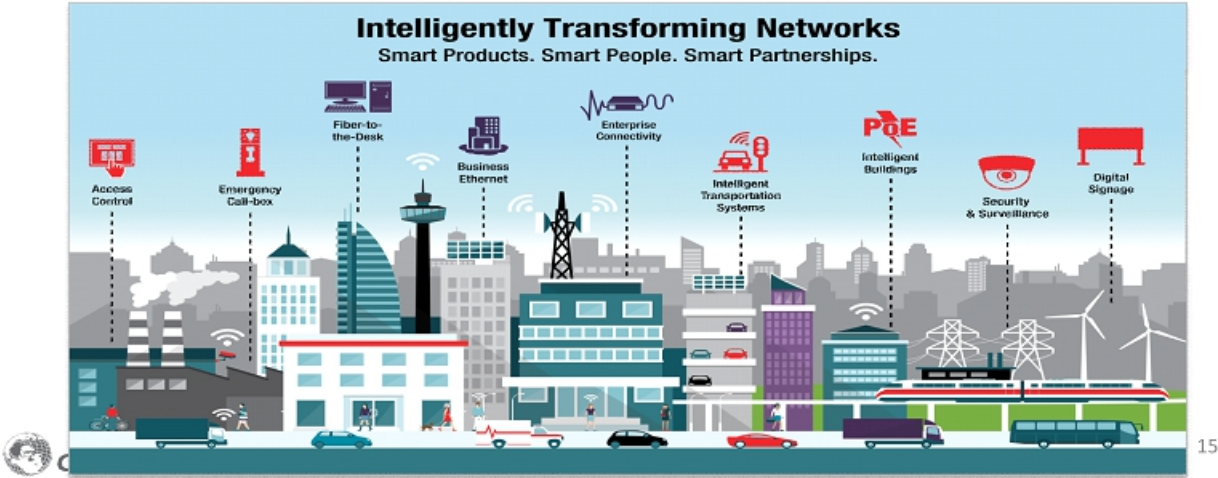


Smart Buildings

- Building automation
- Networked utilities
- LED lighting and access control

ECOSYSTEM OF PARTNERS





Net2Edge addresses the challenges presented by the rapid growth of devices connected at the network edge

NET2EDGE	
Clients:	Leading carriers and major global enterprises
Solutions:	Network edge devices. Legacy protocol over IP. OTDR.
Focus:	Underserved niche markets ~\$50 million
Technologies:	Carrier Ethernet, LTE, Gfast, ISDN, TDM over IP
R&D:	High caliber UK based team

The Network Edge is a rapidly growing market, due to demands of IoT and 5G

Edge Networks
Sensor & Actuators

Real-Time Actions
Such as operations and in-band analytics

Cloud

Big Data / Long-Term Learning

IT capability moving to the Network Edge

New waves of device data moving to the data centers and the cloud



Current Portfolio - Wide Range of Solutions for the Network Edge

Aggregation Devices



Lib 4424
10 Gig Aggregation Switch

Gfast Solution



Gfast. Multi-Dwelling Solution

CPE Devices



ATLAS LTE
Cost Effective 1G Ethernet Switch with LTE



Lib 304
Cost Effective Cost 1G Carrier Ethernet



Lib 306
Fully featured 1G Carrier Ethernet

Legacy Protocol Solutions



Packetband & Liberator S



Lib 225
Legacy over Carrier Ethernet



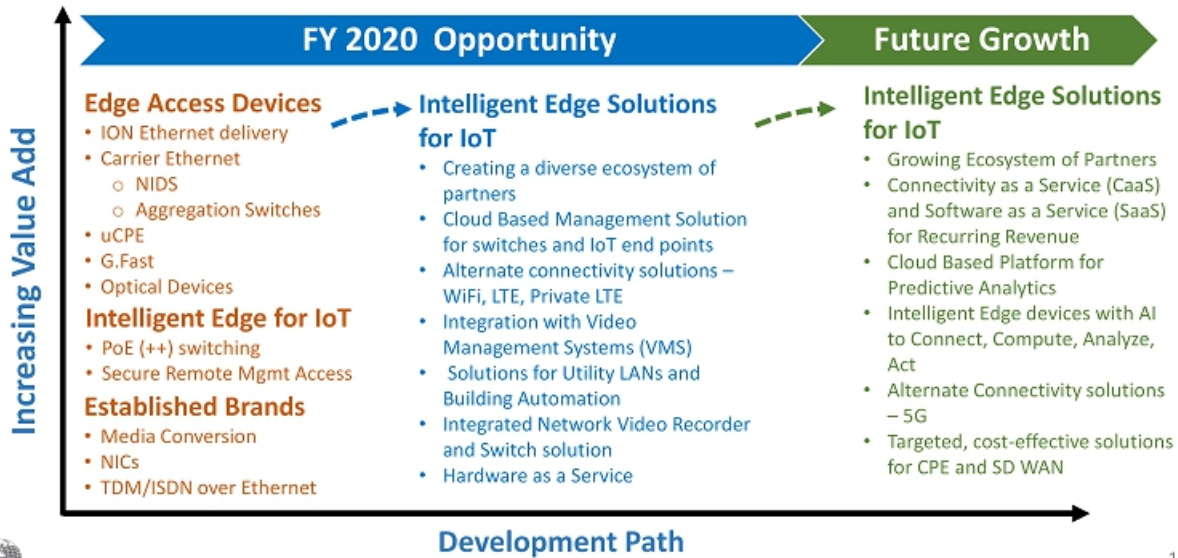
Driving Synergies : **TRANSITION NETWORKS** + **NET2EDGE**

JOINING FORCES:

Combined sales force addresses global markets across multiple sectors. R&D collaboration improves time to market and increases productivity. Increased purchasing power in supply chain.

ADDRESSING FAST GROWING MARKETS:

Security and Surveillance, Smart Cities, Intelligent Transportation Systems, Smart Buildings, Security and Surveillance, Edge Access Solutions



Comprehensive Managed IT Services

Managed Datacenter

- Storage, Hosting, Colocation

Managed Security

- Threat/Vulnerability Management, Compliance

Managed Infrastructure

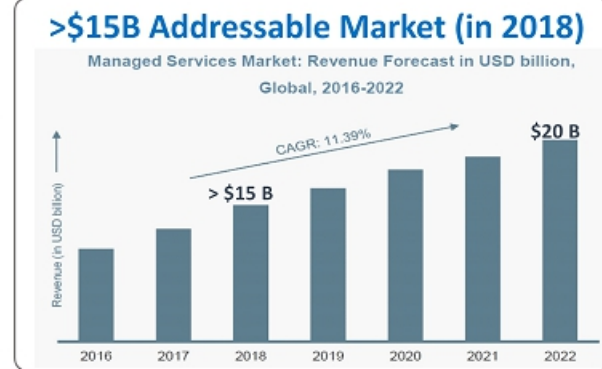
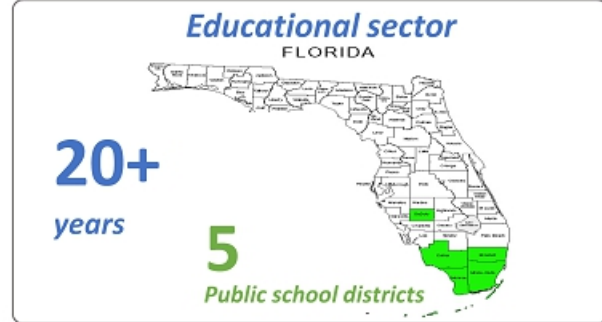
- Desktop & Print, Servers

Managed Communications

- VoIP, Email, Messaging

Managed Networks

- Architecture, IP/VPN, Wireless



Business Units: **JDL** Technologies *Managed IT services*



Substantial room for growth

Addressable Florida Education Market

	Districts	Schools	Students
Public Schools	76	4,269	2,962,162
Private Schools	65	2,540	345,796
Charter Schools	46	654	283,755

Expanding into New Segments

Health Care, Financial, Industrial



18-YEAR TRACK RECORD OF SUCCESS

- Fully Managed SD-WAN solution for all customers
- 99% Customer Satisfaction
- Over 10,000 solutions worldwide

FLEXIBLE, GUIDED SD-WAN DEPLOYMENTS

- All-In-One, Self Contained SW Stack - Deploy Anywhere
- No Need To Change IP Addresses
- Carrier Agnostic (Any Technology, Any ISP, Globally)
- Supports High Bandwidth (20Gbps)
- DataCenter Class Products (Fiber, HA, HWFO)

ADDRESSABLE MARKETS AND VERTICALS

Banking

- Never Down virtual branch operations
- Secure, reliable WAN infrastructure
- Enhanced remote customer experience

Healthcare

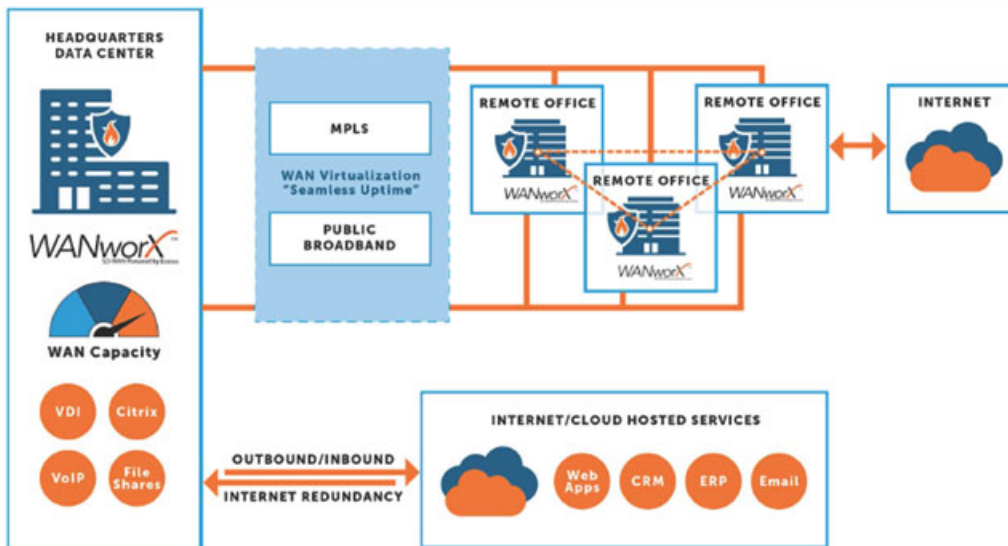
- HIPAA compliant private networks
- Remote, virtual visits and data sharing
- Cost-effective private WAN

Government & Municipalities

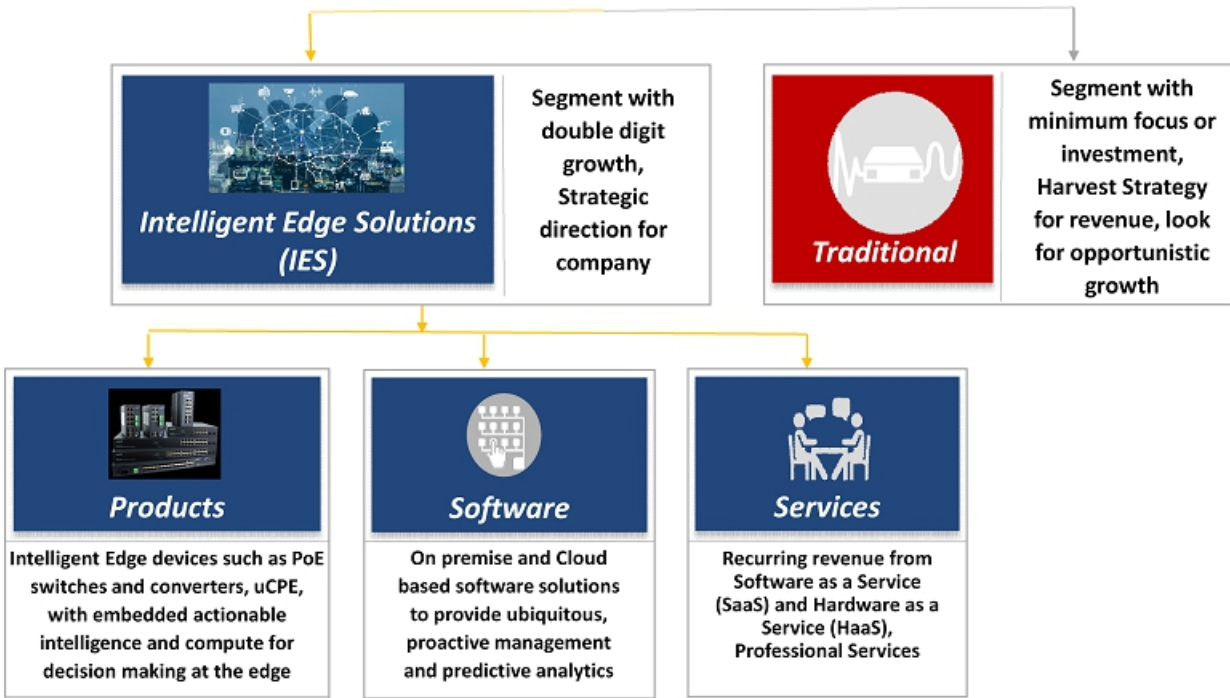
- All-in-One Secure, private networks
- Self-contained edge solutions
- Easy integration into existing infrastructure



Business Units: ECESSA[®] ECESSA SECURE SD-WAN ELIMINATES DOWNTIME



Product Segmentation



Financial Highlights

Returned to operating profitability



Financial Highlights

Balance Sheet Continues to be Strong

As of 12/31/2018

\$11.1 M

Cash & Cash Equivalents

\$30.7 M

Working Capital

\$0

Debt

\$41.7 M

Shareholders' Equity

As of 12/31/2019

\$24.0 M

Cash & Cash Equivalents

\$38.1 M

Working Capital

\$0

Debt

\$47.4 M

Shareholders' Equity

Other

+\$10M

Headquarters
(possible sale)



Historical Financials

CSI CONSOLIDATED SUMMARY OF EARNINGS				
Selected Income Statement Data				
	Three Months Ended		Unaudited	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Sales	\$ 15,363,421	\$ 13,120,570	\$ 50,906,179	\$ 42,369,232
Gross profit	7,034,141	5,968,151	22,185,812	17,622,117
Operating income (loss) from continuing operations	1,188,126	220,285	9,214	(4,750,648)
Income (loss) from continuing operations before income taxes	1,233,167	213,508	235,350	(4,526,619)
Income tax expense (benefit)	20,387	410,478	(15,270)	404,387
Discontinued operations	505,119	(548,679)	6,218,429	(1,860,729)
Net income (loss)	\$ 1,717,899	\$ (745,649)	\$ 6,469,049	\$ (6,791,735)
Basic net income (loss) per share	\$ 0.19	\$ (0.08)	\$ 0.70	\$ (0.75)
Diluted net income (loss) per share	\$ 0.18	\$ (0.08)	\$ 0.69	\$ (0.75)
Cash dividends per share	\$ 0.02	\$ 0.02	\$ 0.08	\$ 0.14
Average basic shares outstanding	9,278,593	9,153,785	9,272,259	9,108,777
Average dilutive shares outstanding	9,492,508	9,153,785	9,337,422	9,108,777

Selected Balance Sheet Data		
	Unaudited	
	Dec. 31, 2019	Dec. 31, 2018
Total assets	\$ 59,150,712	\$ 53,321,164
Cash, cash equivalents & investments	24,307,160	11,056,426
Working capital	38,051,766	30,695,322
Property, plant and equipment, net	8,238,089	8,847,091
Long-term liabilities	408,386	28,267
Stockholders' equity	47,392,282	41,653,127



Financial Highlights – Q1 2020



Financial Highlights

Balance Sheet Continues to be Strong

As of 12/31/2019

\$24.0 M

Cash & Cash Equivalents

\$38.1 M

Working Capital

\$0

Debt

\$47.4 M

Shareholders' Equity

As of 3/31/2020

\$32.3 M

Cash & Cash Equivalents

\$40.6 M

Working Capital

\$0

Debt

\$49.0 M

Shareholders' Equity

Other

+\$10M

Headquarters
(possible sale)



Dividend History

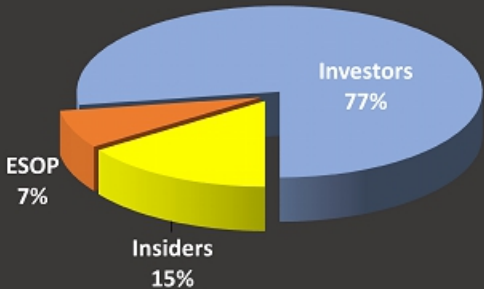
18 Years

of dividend history

\$14 M

distributed in the last 5 years

9.5 M Shares Outstanding
(12/31/2019)



\$0.8

per share paid in FY 2019

\$0.74 M

Total paid in FY 2019



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Contact Us



CSI



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